



Hometown Merchants Association of Nebraska
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"Neighbors Serving Neighbors"

March 30, 2006

Robert E. Feldman
Executive Secretary
Attn: Comments/Legal ESS
Room 3060
Federal Deposit Insurance Corporation
550 17th St. N W
Washington, DC 20429

Dear Mr. Feldman:

I am writing this letter in regard to the application Wal-Mart Stores, Inc has made for federal deposit insurance for its proposed Utah industrial bank. On behalf of the membership of Hometown Merchants Association I would urge you to deny the application because it would give Wal-Mart the opportunity to engage in interstate retail branch banking.

Approval of Wal-Mart's proposed ILC may create competitive inequities and an unlevel competitive playing field. By granting federal deposit insurance for Wal-Mart's proposed bank, the playing field will be skewed even more than it already is, in their favor. Our concern is that in the future Wal-Mart could amend their charter to pursue the operation of retail branch banks outside of the supervisory framework of the Federal Reserve.

It is very important that our members have access to capital resources. We believe that a Wal-Mart bank will reduce the number of competitive sources of capital and financial services and this will adversely affect community businesses. This scenario poses profound policy questions. If the world's largest retailer is permitted to open branch banks, then the separation of banking and commerce will no longer exist and there will be an even greater concentration of the company's economic power. It will hurt independent businesses in the community and, by extension, the community itself.

The House of Representatives passed H.R. 3505 on March 8, known as the Gillmore-Frank Compromise which prohibits ILCs that are held by a commercial firm, from interstate branching. We support this Compromise. We would also encourage Congress to provide for consolidated supervision over ILC parent companies. Until Congress acts, FDIC should deny this application for federal deposit insurance on behalf of Wal-Mart's proposed Utah industrial bank.

We strongly urge the FDIC to deny Wal-Mart's application for federal deposit insurance.

Sincerely,

Doug Cunningham
Executive Director